

ROLES AND RESPONSIBILITIES OF TRANSIT BOARD MEMBERS



PennTRAIN
Pennsylvania Transportation
Resource and Information Network





**Pennsylvania Transportation Resource
and Information Network
800-847-0333**

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INTRODUCTION

It is a privilege to serve on a board of directors. By serving on the board of a transit organization, you have the opportunity to represent your community in providing high quality transportation services. This manual, developed by the Pennsylvania Transportation Resource And Information Network (PennTRAIN) will provide direction on the roles and responsibilities of board members. It will help you determine your role in the three primary responsibilities of boards: legal concerns, stewardship and advocacy.

Legal Concerns: If your transportation system happens to be an authority or a private nonprofit, the board is the legal body. All contracts, labor agreements, personnel policies, etc. must be approved by the board. In most organizations, all legal business must be done in full view of the public with legally convened meetings.

Stewardship: Since most of public transportation is provided using public funding, the board has a responsibility to carefully review the use of these resources. The board should understand the budget and review financial statements that insure all spending is in conformance with all federal, state and local rules and regulations. Members also have a responsibility to carefully balance community needs with available resources. Stewardship involves not only fiduciary responsibility, but such things as performance measures that insure a reasonable and responsible return on investment.

Advocacy: To be an effective board member, it is vitally important that you support public transportation in your community. The availability of safe and dependable public transportation is essential to the quality of life for many citizens. You must be a champion of the people who depend upon your organization. You should speak positively when discussing your organization with local government, the business community, social agencies, etc. You need to be available and committed to attendance and participating in board and committee meetings or when called upon.

The board must focus on the big picture and policy. The board must support their management and allow employees to carry out the day-to-day operations. This careful balance of responsibilities is essential to your organization's success.

ROLES & RESPONSIBILITIES OF TRANSIT BOARD MEMBERS

EFFECTIVE BOARDS: FINDING WHAT WORKS

The National Center for Nonprofit Boards, a nonprofit organization in Washington, D. C., has identified the ten areas of responsibilities for boards. What follows is a modified version of this list.

1. Determine the organization's mission and purposes;
2. Select the Executive Director;
3. Support the Executive Director and review his or her performance;
4. Ensure effective organizational planning;
5. Ensure adequate resources;
6. Oversee/monitor effective use of resources;
7. Determine and monitor the organization's program and services;
8. Enhance the organization's program and services through advocacy;
9. Serve as a court of appeal where appropriate, and
10. Assess its leadership role, effectiveness and performance.

In general, the Board focuses on policy and the big picture. The Executive Director and staff deal with actual operations.

You have been introduced to ten issues and responsibilities that boards face. It is time now to find out about your own board. Answer the questions below.

1. Are current board meetings effective?
2. Which responsibilities are the highest priorities for your board?
3. What standing committees does the board use to fulfill specific responsibilities?
4. Does your board have legal liability insurance?

Advanced Issues

1. Is the current board effective? Does it focus on priorities?
2. Are there any issues that the board spends time with that fall outside the realm of policy and within the realm of day-to-day operation?
3. Does the board monitor/assess its own performance and effectiveness? How does it do this?
4. What are the critical issues facing the board in terms of process (for example, board meetings are not well attended, the group is not cohesive, there is disagreement among the members)?
5. How effective are board committees?

**BOARDS AND PLANNING:
LOOKING AHEAD**

Planning is an integral part of the work that every board does. Planning for an efficient, safe and well-managed organization means that you must “think globally” – that is, you have to focus continually on the mission and goals of your organization and what you want to accomplish as you plan for the future. And you have to make decisions based on available funds and resources you have (staff, equipment, facilities, etc.). So, planning becomes an activity that involves a vision of “what can be” coupled with the constraints of the reality you’re facing.

It is important in planning to focus on both sides of the coin – that is, improving your organization and services while dealing with the constraints you face. As a board member you will either develop or approve plans for your organization. No matter what your role, it is important that you do not simply “rubber stamp” a plan presented to you, but that you ask questions and stimulate discussion about any issues that you believe warrant attention.

Some key questions you’ll want to ask are:

1. What is the mission of our organization?
2. What are our priorities?
3. What kinds of services do we offer?
4. Who are our customers?
5. What are our available funds?
6. What are our constraints?
7. What are the external pressures affecting our organization?
8. Where do we want to be in five years?

Answer the questions about planning listed below:

1. What kind of planning process does your board use?
2. Is your board responsible for developing a yearly plan for your organization or for approving an existing plan?
3. Is your board responsible for long-range planning?
4. How does your board plan for new purchases or new services?

Advanced Issues

1. What are the critical issues facing the organization in terms of increased demand for service and funding?
2. Is the board pro-active in planning? Are they planning with a vision of the future?
3. Consider these issues:
 - a) What is the mission of our organization? Where are we today?
 - b) What is the vision of our organization? Where do we want to go tomorrow?
 - c) What are the organization’s values?
 - d) What kinds of service improvements do we want to make?
 - e) How are we viewed in the community?
 - f) What is our long-term fiscal situation?
 - g) What are our constraints?
 - h) What do we need to do to meet our goals and vision of the future?



BOARDS AND FINANCIAL RESPONSIBILITY

The board plays a major role in guiding the organization's finances. As a board member, you will need to understand what your organization funding sources are, and when your funding cycles occur. You'll also want to understand if particular funds are earmarked for special considerations. For example, some federal funds may be directed for capital assistance while others may be used for operating expenses only.

As a board member, you will review and approve an annual budget. The budget becomes a fiscal policy tool and defines a plan of action for meeting the organization's goals and managing its resources.

Every organization uses an operating budget that shows the operating or day-to-day expenses of their organization. Because every organization uses its own budget and accounting systems, it is important that you ask questions if you do not understand entries or how monies are being spent.

You may be asked to find funding for your organization. That might mean participating in a variety of fundraisers or using your influence and position to solicit funds from organizations, associations, private industry and individuals. You may also be asked to solicit additional funds from state and local government agencies.

Take the time to assess your board member role in terms of financial issues.

1. Who funds your organization - (federal, state, local government, community organization sources or private sources)? What limitations or stipulations do these sources place on how the money can be spent?

2. What kind of financial statement/budget does your board review?
3. What kinds of expenditures are in the operating budget?
4. What could change your budget picture?

Advanced Issues

1. Do you understand your operating and capital budget?
2. Are there any untapped resources in your community that could be expected to supplement additional funding?
3. How secure are future operating and capital needs?

BOARDS AND COMMUNITY INVOLVEMNT: ADVOCATES IN THE COMMUNITY

As a member of your board, you are an advocate for your organization in your community. That means that you represent the organization to your community both informally and formally – whether you are talking with friends, giving a presentation, attending a ribbon cutting ceremony or acting in some other official capacity for the board. Basically, you are a public relations representative for your organization. And as a public relations representative, you have some responsibilities to promote the organization whenever possible and to get support and recognition for the organization throughout the community.

You also have the responsibility to act appropriately as a board member. You should speak positively and enthusiastically about the organization whenever you speak about the organization in public.

Being an advocate for the organization might also involve using your network of contacts to find additional funding.

In addition, as a member of the board, you may represent a segment of the community on the board. For example, as a senior citizen, you may represent the senior community on the board.

Answer the questions below about advocacy issues:

1. What do you feel is your organization's image and reputation in you community?
2. What community group do you represent or are you an advocate for (for example, senior citizens, disabled students, business, community, government, etc.)?
3. What are their goals or needs?
4. What messages does this group want you to carry to the board?
5. What messages about the organization do you want to take to the community?
6. What is the board's role within the political community?

Advanced Issues

1. What can you do to become a better advocate for your organization in the community?
2. What can you do to become a better representative of your constituency?
3. What influence do you have in the political community?

PERSONAL PLANNING: FINDING YOUR PLACE ON THE BOARD

As a member of the board, you have the opportunity to make important contributions to your organization. Although you are a member of a group, you can make a difference and have an impact on how well and effectively your board functions. Your contribution will depend on your personal commitment and planning.

By assessing your strengths, interests and willingness to participate, you can plan your involvement. You can set goals for yourself about the kind of input you want to have and the direction you want the board or organization to move in. How effective you are as a board member will depend on your personal commitment.

Keep in mind these general characteristics of an effective board member as you plan your own involvement on the board. An effective board member:

1. Understands the mission and priorities of the organization;
2. Focuses on the big picture (policy) rather than on the details of day-to-day operation;
3. Asks questions about policies, procedures and operations to help the organization run more effectively;
4. Takes responsibility to evaluate the Executive Director seriously;
5. Supports the Executive Director and makes sure the working environment is one in which he or she can succeed;
6. Understands budgetary constraints, fund-raising responsibilities and other financial issues that shape the decision making process;



7. Acts as a spokesperson for the organization within the community;
 8. Represents constituents from the community at board meetings;
 9. Works well with committees, knowing when to speak, when to listen and when to act; and
 10. Offers creative solutions to problems.
2. What can you do to be a positive member of the board?
 3. What are the five most important issues you want to bring to the board?

HOLDING EFFECTIVE BOARD MEETINGS

An effective meeting does not just happen. It requires planning and preparation not only on the part of the Board Chair and Executive Director but also on the part of every member of the board.

The Executive Director should work with the Board Chair to prepare the agenda for the meeting.

Once all agenda items are collected, the Executive Director and Board Chair should determine what information will be needed by board members to enable them to discuss or act on the item. Materials should be assembled and distributed to board members early enough to allow board members to “do their homework” before the meeting.

Reports should be placed on the agenda only if they contain information that is directly relevant to concerns of the board. If possible, reports should be limited to executive summaries containing only: 1) statement of the problem, 2) list of possible solutions, and 3) recommendation for action. Reports should be to board members 5-7 days before meetings.

Items on the agenda should be clearly identified with a required action (e.g., decision, discussion).

Procedures for decision-making should be agreed upon and clearly understood by all participating in the process. This will probably

Personal Inventory

1. What are the greatest strengths you bring to this board? (For example, do you have expertise in a particular area – finance, planning, public relations or fundraising? Or do you represent a population that the organization serves, such as senior citizens or persons with disabilities? Are you a member of other community groups such as a local church or synagogue?)
2. How active and involved do you want to be on the board?
3. What do you feel your role on this board will be?
4. How can you be most effective as a board member?
5. What particular issues do you want to deal with?
6. What committees do you want to join?

Advanced Issues

1. What are your responsibilities as a board member (i.e. attendance at meetings, chairing committees, etc.)?

require a session where ground rules are discussed and established.

What and how issues are assigned to committees and their ability to report back to the board should be agreed to.

Decisions should not be made until appropriate time is given for study and discussion. All board members who wish to speak on a given issue should be encouraged to present their views, and all views should be seriously considered before action is taken.

Meetings should follow the agenda closely. When meetings regularly stray from agenda, board members will learn to disregard the agenda.

Meetings should be conducted under the assumption that board members have received and read their background materials. When meetings regularly begin with background reports covering those materials, board members will regard their homework as unnecessary.

All decisions should be clearly recorded in the official minutes.

BUILDING A COHESIVE TEAM

Before a board can master the mechanics of holding effective meetings (see Holding Effective Board Meetings), members should have some understanding of the group dynamics that can either enhance or hinder the effectiveness of the board.

Every individual on your board will have a set of personal goals as well as a personal approach to solving problems. The effective board finds a way to take a set of individuals and make them work together in a group approach to problem solving.

Being sensitive to how different individuals approach problem-solving and decision-making is important. For example, if you tend to look at problems holistically, it may help you to understand that others on your board are naturally drawn to focus on details. While you may prefer using logic to make decision, others on you board may rely more heavily on their feelings. If your board understands and accepts these differences, you have a better chance of keeping those differences from becoming barriers to progress. You can even learn to use those differences to everyone's advantage.

Individual board members should realize that their actions (or lack of action) affect the entire organization. A healthy level of self-consciousness about how your behavior at board meetings encourages or inhibits others can help you to accomplish your own goals as well as those of the entire board.

AGENDA FOR IMPROVEMENT

Because each board is different, unique local approaches to the functions of a transit board are important. Perhaps the following suggestions will be useful in developing an agenda for improvement for your board.

At regular intervals, every board should review its role, function, purpose and responsibility to be certain that every board member is clear about transit matters and understands the basic responsibility of the board.

Every board should review its work to make sure its actions are consistent with its major functions, that is, policy study, formulation and evaluation (with staff and community input). The board should refrain from the implementation and administration of policy because this is clearly a responsibility of the general manager.

Every board can benefit from a searching, honest review of its composition, member attendance at meetings, and representation and plan for the regular addition of new members with fresh ideas.

Every board can improve the way it works with the Executive Director. The board can also improve on how it plans, conducts and prepares for meetings. Meetings can produce better decisions in less time if all members and staff come prepared.

Every board can benefit from a review and a clear understanding of staff roles, relationships, responsibilities and the ways in which staff help and support the board.

Every board can do better work if it sets clear objectives for itself at the beginning of the year and evaluates the extent to which it has achieved its goals when the year draws to a close.

Every board member can learn to be better informed if he or she takes advantage of board member educational opportunities appropriate to transit management and policy.

Every board can improve the way new members are oriented. Each new board member should be given an orientation to the organization and the role of the board. Good orientation of new members is the hallmark of effective boards.

QUALITIES OF AN EFFECTIVE BOARD CHAIRPERSON

Transit boards are made up of a variety of individuals who contribute their time and energy to the success of an organization. One of the most important individuals on the board is the Chairperson. The success of the board in carrying out its duties effectively is, in no small measure, due to the qualities the Chairperson

brings to the job. The following is a composite list of the most desirable qualities each board chairperson should have or strive to develop in the course of being board chairperson:

1. The Board Chairperson is an able **presider** with an excellent working knowledge of parliamentary procedure and is well versed in the mechanics of conducting a meeting.
2. The Board Chairperson is **in control of the meeting**, knows how to move it along and keeps discussions on the right track.
3. The Board Chairperson remains calm and acts in a **professional** and mature manner. He or she feels comfortable in the role of presider yet knows its limitation and uses power wisely and judiciously.
4. The Board Chairperson exhibits **leadership**. Other board members look to the Chairperson for guidance and direction in making wise and professionally sound decisions. The Chairperson recognizes the importance of having goals and objectives for himself, the board and the organization; and these goals and objectives are evaluated periodically.
5. The Board Chairperson **stays informed** about all matters affecting the organization. He or she is well prepared for the issues and problems that come to the board. The Chairperson keeps in frequent communication with the Executive Director and other board members.
6. The Board Chairperson has good **communication skills** and can communicate effectively with the Executive Director, other board members, organization employees, the public and the news media.
7. The Board Chairperson is **sensitive** to the needs and feelings of others.

- 8. The Board Chairperson shows **good judgment** based on common sense and valid information.
- 9. The Board Chairperson has a **determination** for the success of the organization yet stays within the confines of policy making.

- ∞ Develop a budget (in conjunction with the Finance Committee) and keep the board up-to-date on budget problems;
- ∞ Recruit, develop and supervise the staff;
- ∞ Devote time to improving the staff, and
- ∞ Assist the board in educating the community about its programs.

**BOARD / STAFF RELATIONSHIPS
& EXPECTATIONS**
**Defining Roles to Minimize Conflict
and Achieve Success**

The board and staff have different but complimentary functions. An open, trusting cooperative relationship can be most easily maintained when board members and staff operate within the scope of their own responsibilities – the staff in the day-to-day management and the board in its policy and planning role. It is this overlap that provides continuity consistency and quite often conflict.

*An Executive Director Should Expect
A Board Will:*

*A Board Should Expect Its
Executive Director Will:*

- ∞ Serve as the Chief Operations Executive of the organization;
- ∞ Serve as professional advisor to the board;
- ∞ Recommend appropriate policies for consideration;
- ∞ Implement effectively all policies adopted by the board;
- ∞ Inform the board fully and accurately regarding program activity;
- ∞ Interpret program needs and present professional recommendations on all problems and issues to be considered by the board;

- ∞ Counsel and advise by giving their judgments, expertise and familiarity with the local setting;
- ∞ Consult with the Executive Director on all matters that the board is considering;
- ∞ Delegate authority for all executive functions;
- ∞ Allow staff to be responsible to the Executive Director;
- ∞ Share all communications with the Executive Director;
- ∞ Provide support to the Executive Director and staff in carrying out their professional duties;
- ∞ Support the Executive Director in all decisions and actions consistent with the policies of the board and the standards of the organization;
- ∞ Hold the Executive Director accountable for the supervision of the organization, and
- ∞ Evaluate the work of the Executive Director.



ROLE OF THE MANAGER

The manager is responsible for providing board members with relevant and timely information for better decision-making. Because of this role, the manager is an important link between the board and the provision of services. The information provided by the manager includes:

1. Monthly information packet including:
 - a) Meeting agenda;
 - b) Action items for board with background information and recommendations;
 - c) Appropriate information for committee meetings;
 - d) Highlights of operations and upcoming events;
 - e) Overall performance compared to goals and objective;
 - f) Tracking of key performance indicators;
 - g) Reminders of funding cycles;
 - h) Significant financial personnel or service changes, and
 - i) Information about safety (accidents), security or crisis situations.
2. Periodic telephone calls to the Chairperson and/or full board to brief them on major issues that arise.
3. Comprehensive information to the board regarding labor negotiations to obtain policy direction on:
 - a) Management's proposal;
 - b) Wage and benefit parameters, and
 - c) Final offer strategy.
4. Comprehensive information to the board regarding contractive for services including:
 - a) Total cost, cost per hour, etc.;
 - b) Performance bonds;
 - c) Insurance coverage, and
 - d) Safety plan.
5. Special meetings to discuss personnel issues
6. Special meetings (retreats, etc.) with the board to develop strategic plans, major programs, etc.
7. Formal, thorough orientation for all new board members.

BOARD COMMITTEE STRUCTURE

Finance Committee – combines the activities of purchasing, finance, budgets, grants and fare structure policies.

Personnel Committee – combines the activities of labor, benefits, pension trust and employee incentive programs.

Marketing and Planning Committee - encompasses the urban/rural services to include route performance review and recommendations.

Operations Committee – encompasses the urban/rural services to include route performance review and recommendations.

Maintenance Committee – encompasses fleet programs, facility improvements and

construction activity on existing and new facilities as well as vehicle acquisition.

Special Committees – set up as needed with a specified time frame.

Each committee should have three members with a chair being one of the members.

The Board Chair and CEO / ED / GM serves on all committees as members. Committees gather information and discuss outcomes; however, all final action must be taken by the full board. Committee meetings should be open and consistent with the Sunshine Act.

CODE OF ETHICS

A code of ethics should be adopted and enacted by board members and employees of the transit organization to ensure that the best interests of the organization are upheld. An implied conflict of interest could be minutely scrutinized and if founded, damage the credibility of the organization, board members and employees alike, as well as endanger the tax exempt status of the organization. Additionally, the offending individual could be subject to tax penalties.

Transit organizations need to adhere to the “private inurement” doctrine as defined by 501(c)(3) tax law, which prohibits transit income from benefiting individuals connected to the organization. In other words, individuals may not use “insider” information to profit from undue compensation or personal benefit (i.e. inflated contracts, gifts, nepotism, excessive travel reimbursement, etc.).

(See attached Code of Ethics resolution, page 13.)

ADVISORY VERSUS GOVERNING BOARDS

Many organizations receive direction from one or both types of boards: advisory and governing. While both boards provide valuable and meaningful service to their organizations, their respective roles must be thoroughly understood both internally and externally by all.

Advisory Boards - Advisory boards typically are made up of stakeholders in the community that care about the service provided by the organization. The make-up usually is representative of the various target audiences and actual customers of the organization (i.e. senior citizens, low income, people with disabilities, neighborhoods, etc.). This board provides input concerning service quality and design that challenges the organization to be more sensitive to special needs or to consider recommended service improvements. The advisory board seldom has legal or fiduciary responsibility for the organization.

Governing Boards – Governing boards represent and are the legal entity of the organization. Members are normally appointed to specific terms (2-5 years). This board has the legal and fiduciary responsibility of the organization. The governing board would be the entity that creates organizational policy, approves budgets, monitors performance (operationally and fiscally) and enters into legal and binding contracts. Members often are chosen for their professional expertise in business, government, legal or fiscal venues. This group would normally be the final authority on all business conducted by the organization.

Summary

In general, advisory boards have significant roles in representing the consumer while governing boards need to insure that policy,

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finance and service performance are delivered in a business-like method that insures long-term stability.

When these two types of boards work together in supportive roles, the organization

matures and improves both in its quality and quantity of service.

When these two types of boards see themselves as competing entities, the organizational stressors increase dramatically.

COMPARED RESPONSIBILITIES OF ADVISORY AND GOVERNING BOARDS		
	ADVISORY	GOVERNING
Formulates the organization's mission / purpose	X	X
Selects the Executive Director		X
Supports and reviews Executive Director's performance		X
Ensures organizational planning	X	X
Ensures adequate resources		X
Oversees and monitors use of resources	X	X
Determines and maintains the organization's programs and services		X
Enhances the organization through advocacy	X	X
Serves as a court of appeals where appropriate		X
Assesses its own performance	X	X



CODE OF ETHICS

The ethical Official / Employee should:

- ∞ Properly administer the affairs of the agency;
- ∞ Promote decisions that only benefit the public interest;
- ∞ Actively promote public confidence in the agency;
- ∞ Keep safe all funds and other properties of the agency;
- ∞ Conduct and perform the duties of the office diligently and promptly dispose of the business of the agency;
- ∞ Maintain a positive image to pass constant public scrutiny;
- ∞ Evaluate all decisions so that the best service or product is obtained at a minimal cost without sacrificing quality and fiscal responsibility;
- ∞ Inject the prestige of the office into everyday dealings with the public, employees and associates;
- ∞ Maintain a respectful attitude towards employees, other public official, colleagues and associates;
- ∞ Effectively and efficiently work with governmental agencies, political subdivisions and other organizations in order to further the interest of the agency; and
- ∞ Faithfully comply with all laws and regulations applicable to the agency and impartially apply them to everyone.

The ethical Official / Employee should NOT:

- ∞ Engage in outside interests that are not compatible with the impartial and objective performance of his or her duties;
- ∞ Improperly influence or attempt to influence other officials or employees to act in his or her own benefit;
- ∞ Accept anything of value from any source that is offered to influence his or her actions an agency official or employee; or
- ∞ Accept anything valued at more than \$25.00 per year from any source.

Above all, the ethical agency employee or appointed official accepts the responsibility that his or her mission is that of servant and steward to the public.

Adopted by the _____ Date: _____
Transit Agency